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TAGS: [EMIN](#) [EAID](#) [ETRD](#) [EINV](#) [PGOVDQ](#) [XL](#)
SUBJECT: QUARRY CONNDRUMS IN DOMINICA

Classified By: DCM O.P. Garza for reasons 1.4(b) and (d).

¶1. (SBU) SUMMARY: The Government of the Commonwealth of Dominica (GOCD) is attempting to revamp the quarry industry. Currently, the quarry industry is unregulated, leading to critical environmental degradation and undercharged royalties on land use. The quarry industry, along with the proposed oil refinery, could put a dent in Dominica's image as the "nature isle." With assistance from USAID, the GOCD is developing a new regulatory code and economic assessment with aims at making the industry more professional. END SUMMARY.

¶2. (SBU) The quarry industry in Dominica has become a major sector, given the high-quality stone and aggregate on the volcanic island. There are 15 firms, primarily domestic and French, currently operating. On July 18, 2007, the GOCD issued a permit to Aggpit, the first American-owned quarry operation in Dominica. Aggpit, a USD 1 million investment and projected 75-year operation on 170 acres (expandable to 570), is expecting to receive its operating license in February.

¶3. (U) Currently, the industry is unregulated with no environmental norms or standards. This has caused great concern among the general public as Dominica continues to export its reputation as a "nature isle" and major ecotourism destination. To rectify, the GOCD developed a draft code late last year that, according to a number of experts, is far from amply regulating the industry. USAID is assisting revise and develop the legislation, which is now with the operators for review. When complete, the new code should establish environmental, operating, and inspection standards.

¶4. (C) In addition to a lack of regulations, Reginald Austrie, Minister of Housing, Lands, and Telecommunications, confided in USAID that the government had no economic analysis of the industry and had no idea what to charge in royalties for use of the land. According to Austrie, the government charges too little to cover the costs of sending public works staff out to assist with any problems arising at or due to the quarries. USAID plans to assist the GOCD perform an economic analysis of the sector and develop new standards for royalties.

¶5. (SBU) COMMENT: Although successful mining of aggregate, a basic construction input, in Dominica could help ease the over-demanded, under-supplied industry throughout the Americas, the environmental impact could take a crucial toll on the budding ecotourism sector in Dominica. Environmental groups, the political opposition, and members of the general public have already voiced concern over Venezuela's proposed oil refinery and its potential effect on tourism investments. Additional growth in the quarry sector could further promulgate these fears. Current USAID assistance is crucial

to help Dominica appreciate the economic benefits of this industry while protecting the island from any further environmental damage quarry operation could cause.
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